

Message Text

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67

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 PA-01 PRS-01 /080 W
----- 075717

R 301303Z JUL 76

FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC 6560

LIMITED OFFICIAL USE BUENOS AIRES 4989

PASS TREASURY, EXIM BANK

E.O. 11652: N/A

TAGS: EFIN, ETRD, AR

SUBJECT: ARGENTINA'S BALANCE OF TRADE FORECAST IMPROVES

1. DURING COURTESY CALL JULY 29, A NEW SUBSECRETARY OF FOREIGN COMMERCE, ENRIQUE OSVALDO BAUERLE, INFORMED EMBOFFS THAT LATEST GOA FORECAST ON BALANCE OF TRADE FOR 1976 PROJECTED IMPORTS OF \$1.1 BILLION, EXPORTS OF \$4 BILLION WITH MERCHANDISE BALANCE OF TRADE SURPLUS OF ROUGHLY \$800-900 MILLION. IMPROVEMENT IN FORECAST RELATED PRIMARILY TO RECESSION WHICH HAD CAUSED REDUCTION IN IMPORTS AND ENCOURAGED FIRMS TO SEEK OUTLETS FOR THEIR PRODUCTS IN INTERNATIONAL MARKETS.

2. ARGENTINA'S RESERVES HAVE ALSO CONTINUED TO SHOW IMPROVEMENT. IN SPEECH GIVEN AT THE MEETING OF THE BUENOS AIRES STOCK EXCHANGE JULY 28, MINISTER OF ECONOMY MARTINEZ DE HOZ INDICATED THAT ARGENTINA'S FOREIGN EXCHANGE RESERVES NOW TOTAL \$1.4 BILLION (UP FROM \$600 MILLION IN MARCH) OF WHICH \$600 MILLION ARE FREELY DISPOSABLE.

3. MARTINEZ DE HOZ ALSO ANNOUNCED THAT, IN AN EFFORT TO
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STIMULATE EXPORTS, THE FREE EXCHANGE RATE WOULD BE USED

FOR THE EXPORT OF A WIDER RANGE OF PRODUCTS -- WHICH IN
FACT MEANS A DEVALUATION. IN CONVERSATION WITH BAUERLE,
HOWEVER, LATER EXPLAINED THAT PART OF THE GAIN TO THE
EXPORTER FROM THE DEVALUATION OF THE EXPORT PESO WOULD
BE OFFSET BY A REDUCTION IN EXPORT SUBSIDIES TO A MAXIMUM
OF 20 PERCENT. EMBASSY WILL REPORT DETAILS OF NEW EXPORT
MEASURES AS SOON AS AVAILABLE.
CHAPLIN

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NNN

Message Attributes

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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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